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California State Senate

JOHN L. BURTON
PRESIDENT PRO TEMPORE

COMMITTEES:
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November 15, 2002

Hon. Kathleen Connell
California State Controller
300 Capitol Mall, Suite 1850
Sacramento, CA 95814

Hon. John Chiang
Member, Board of Equalization
450 N Street
Sacramento, CA 95814

Mr. Tim Gage
Director, Department of Finance
State Capitol, Room 1145
Sacramento, CA 95814

Dear Members of the Franchise Tax Board:

I understand that the subject of e-filing for California taxpayers will come up again at an FTB meeting scheduled for November 26th. At this meeting, I trust that any action taken by the board will be based on the primary consideration of what is best for Californians who want to e-file.

As you know, what we have now is far short of what Californians deserve. Documents and testimony presented at previous meetings on this subject showed that California is behind many other states in facilitating online tax filing. Harley Duncan, executive director of the Federation of Tax Administrators, had earlier predicted that the California e-filing system "will be cumbersome," and he noted that, "Other states have tried to make the online tax experience more like the online shopping experience."

I have been encouraged by some of the more recent developments with respect to this matter. The Senate, late this summer, rejected legislation that would have placed into California code the language of the so-called "MOU" that tied the hands of the FTB and severely restricted the ability of the agency to serve Californian online filers.

In addition, your action as FTB members at the October board meeting to begin to allow taxpayer access to tax tables and arithmetic calculation functions was certainly a positive step. However, taxpayers are still required to download the forms, fill in the forms offline, and then go


back online to submit the forms. All other types of computer transactions (like making a purchase through Amazon.com, joining an organization, etc.) can be done by Californians in one step online. In addition, online filing is limited to the 5402EZ form, whereas other states allow access to many other forms.

If it were left up to some, the state's e-filing website would be little more than an advertising platform for commercial companies seeking taxpayer business. (It appears that, at the federal level, the Department of Treasury may unfortunately be adopting this approach through what it calls its "Consortium" program.) While I have no serious objection to limited web links to commercial sites, I do not believe the state should abdicate its responsibilities to provide the services Californians would expect.

The Web continues to evolve and expand, and we do not know what preferences our citizens will develop in the future. It seems to me that we ought to maximize rather than minimize the number of options available to taxpayers. Some will chose to rely on the basic state service (or may not be able to afford anything else). Others will chose private providers. But certainly, the state is not going to put the private tax-preparation software companies out of business. These companies undoubtedly will always have a corner on the market of providing tax advice to taxpayers, in addition to tax preparation.

I urge you to move forward now to enhance the state's online filing system. Other legislators and I are prepared to assist you in this effort.

Peace and Friendship,



JOHN L. BURTON
President pro Tempore
of the Senate

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